Province of
Newfoundland and Labrador

Public Accounts Volume II
Consolidated Revenue Fund
Financial Statements

FOR THE YEAR ENDED
MARCH 31, 2014

Newfoundland
Labrador

Province of Newfoundland and Labrador

Public Accounts

Volume II

Consolidated Revenue Fund
Financial Statements

For The Year Ended
31 March 2014

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INTRODUCTION

The *Financial Administration Act* requires that all revenues over which the Legislature has power of appropriation shall form one Consolidated Revenue Fund. The financial statements of the Consolidated Revenue Fund of the Province of Newfoundland and Labrador are presented through the publication of the Public Accounts, Volume II.

These statements are prepared on the accrual basis of accounting in accordance with the Public Sector Accounting Standards of the Chartered Professional Accountants of Canada, and as outlined in the significant accounting policies of the Province. They are prepared by the Comptroller General of Finance and are audited by the Auditor General, who presents an annual report to the House of Assembly on the results of his audit. Budget figures, where available, are provided on several Statements for comparison purposes.

The Public Accounts for the year ended 31 March 2014 also includes one other volume, Volume I – Consolidated Summary Financial Statements. It presents the summary financial statements which consolidate the financial statements of the Consolidated Revenue Fund with the financial statements of various Crown Corporations, Boards and Authorities, as approved by Treasury Board, which are controlled by the Government of Newfoundland and Labrador.

The Report on the Program Expenditures and Revenues of the Consolidated Revenue Fund for 2013-14 was released in June 2014 and presents expenditures and revenues using the modified cash basis of accounting. This is the same basis used to prepare the budgeted appropriations and revenues as per the Estimates. Another report containing a reproduction of the available financial statements of the Crown Corporations, Boards and Authorities will be released as a separate report in the Fall of 2014. These reports are available online at the address noted below.

The Public Accounts of the Province are tabled in the House of Assembly in accordance with Section 60 of the *Financial Administration Act*.

Internet Address

The Public Accounts are available on the Internet at:
http://www.fin.gov.nl.ca/fin/public_accounts/index.html

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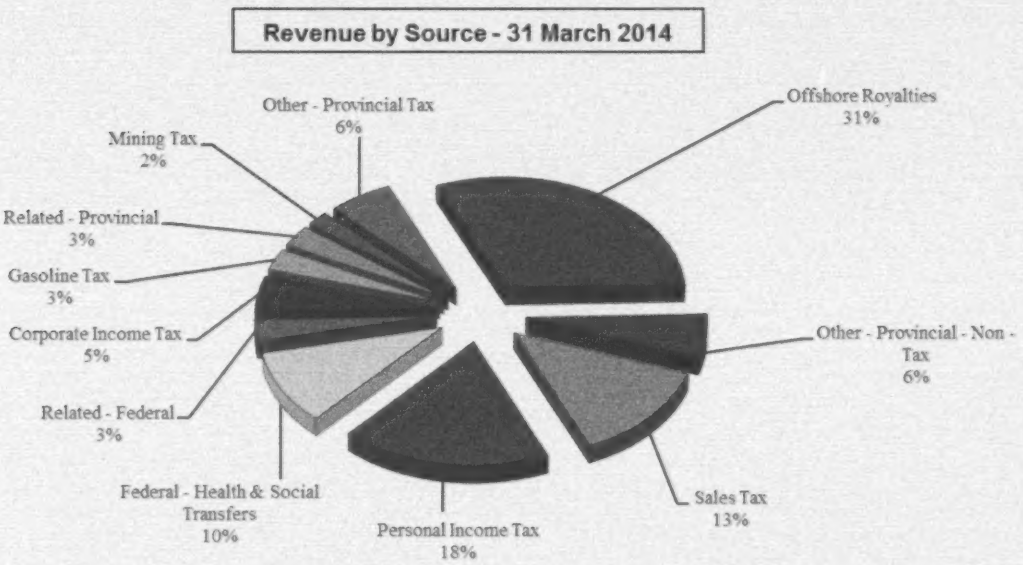
Revenue

Total revenue was $6.92 billion in 2013-14 which consisted of federal revenues of $0.92 billion and provincial revenues of $6.00 billion.

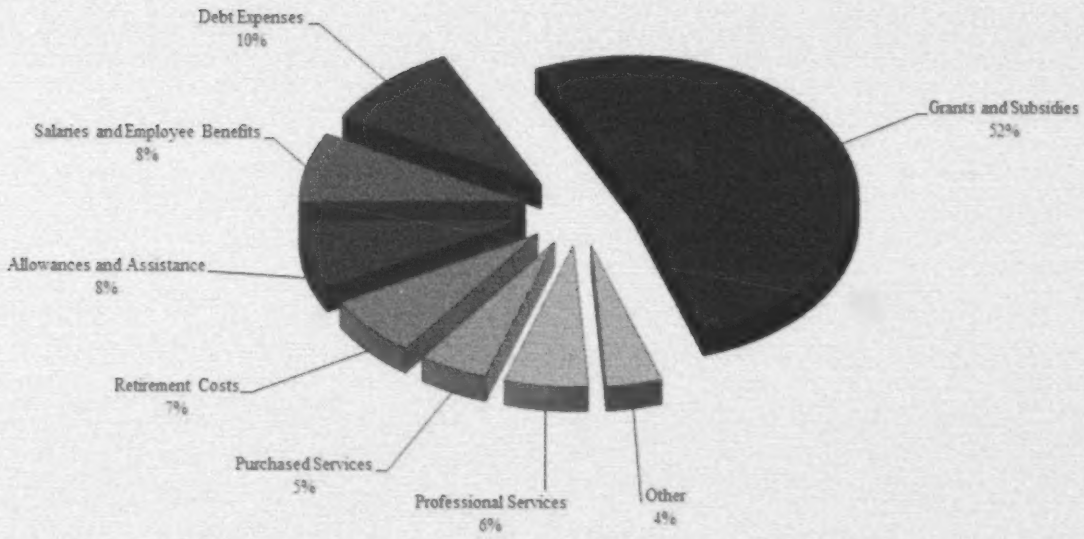

Revenue by Source - 31 March 2014
Other - Provincial Tax 6%
Offshore Royalties 31%
Mining Tax 2%
Related - Provincial 3%
Gasoline Tax 3%
Corporate Income Tax 5%
Related - Federal 3%
Other - Provincial - Non - Tax 6%
Federal - Health & Social Transfers 10%
Personal Income Tax 18%
Sales Tax 13%

CONSOLIDATED REVENUE FUND

Expense

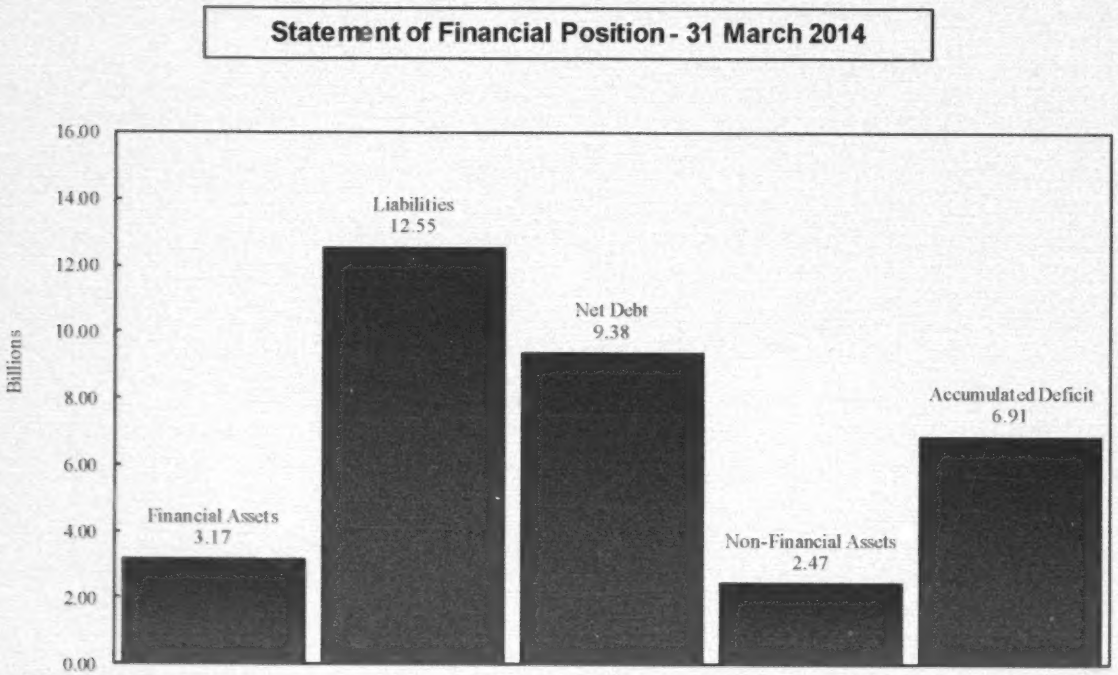
Total expenses were $7.49 billion in 2013-14. Grants and subsidies of $3.87 billion and debt expenses of $0.79 billion represented approximately 62% of this amount.

Expenses by Category - 31 March 2014



Financial Position

Net Debt of $9.38 billion consisted of $12.55 billion in liabilities less $3.17 billion in financial assets. Accumulated Deficit of $6.91 billion consisted of $9.38 billion in Net Debt less $2.47 billion in non-financial assets.



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Newfoundland Labrador

Government of Newfoundland and Labrador
Department of Finance
Office of the Minister

September 29, 2014

STATEMENT OF RESPONSIBILITY

Responsibility for the integrity, objectivity and fair presentation of the financial statements of the Consolidated Revenue Fund rests with the Government. As requested under Section 59 of the *Financial Administration Act*, these financial statements are prepared by the Comptroller General of Finance in accordance with the applicable legislation and in accordance with the accounting policies as disclosed in Note I to these financial statements. Additionally, information has been provided by various government departments as required by Section 20 of the *Financial Administration Act*.

The Government is responsible for maintaining a system of internal accounting and administrative controls in order to provide reasonable assurance that transactions are properly authorized, assets are safeguarded and financial records are properly maintained.

The financial statements in this volume include a Statement of Financial Position, a Statement of Change in Net Debt, a Statement of Operations, a Statement of Change in Accumulated Deficit, a Statement of Cash Flows and notes. Other schedules and notes that are included also form an integral part of these statements.

Pursuant to Section 11 of the *Auditor General Act*, the Auditor General of Newfoundland and Labrador provides an independent opinion on the financial statements.

ROSS WISEMAN
Minister of Finance and President
of Treasury Board

ANN MARIE MILLER, CMA
Comptroller General of Finance

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AUDITOR
GENERAL
of Newfoundland and Labrador

INDEPENDENT AUDITOR'S REPORT

To the House of Assembly
Province of Newfoundland and Labrador

Report on the Financial Statements

I have audited the accompanying financial statements of the Consolidated Revenue Fund of the Province of Newfoundland and Labrador, which comprise the statement of financial position as at March 31, 2014, and the statements of change in net debt, operations, change in accumulated deficit and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Government's Responsibility for the Financial Statements

Government is responsible for the preparation and fair presentation of these financial statements as required by Section 59 of the *Financial Administration Act* and in accordance with the accounting policies as disclosed in Note 1 to these financial statements, and for such internal control as Government determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the judgment of the auditor, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Government, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Consolidated Revenue Fund as at March 31, 2014, and the results of its operations, the change in its net debt, the change in its accumulated deficit and its cash flows for the year then ended in accordance with the accounting policies disclosed in Note 1 to these financial statements.

Report on Other Legal and Regulatory Requirements

As required under Section 11 of the *Auditor General Act*, I also report that in my opinion, these financial statements present fairly, in all material respects, the financial position of the Consolidated Revenue Fund as at March 31, 2014, and the results of its operations, the change in its net debt, the change in its accumulated deficit, and its cash flows for the year then ended in accordance with the accounting policies as disclosed in Note 1 to these financial statements applied on a basis consistent with that of the preceding year.

Other Matter

These financial statements have been prepared solely to present the activities of the Consolidated Revenue Fund for the year ended March 31, 2014. However, significant financial activities of the Province occur outside of the Consolidated Revenue Fund. These activities, together with those of the Consolidated Revenue Fund, are included in the Consolidated Summary Financial Statements of the Province and it is for this reason that those financial statements provide the comprehensive accounting of the Province's financial position and the results of its operations, the change in its net debt, the change in its accumulated deficit, and its cash flows. A separate Independent Auditor's Report is provided on the Consolidated Summary Financial Statements.

TERRY PADDON, CA
Auditor General

September 29, 2014
St. John's, Newfoundland and Labrador

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Statement of Financial Position
As at 31 March 2014
with comparative figures for 2013

		Actuals 2014 ($000)	Actuals 2013 ($000)
	FINANCIAL ASSETS		
	Cash and temporary investments at cost - notes 2, 16	965,331	1,452,437
	Government of Canada - claims in process - note 3	136,805	225,607
Sch. A	Accounts and taxes receivable	824,694	726,696
	Less: Allowance for doubtful accounts	80,843	80,119
		743,851	646,577
Sch. B	Loans, advances and mortgages receivable	77,004	114,905
	Less: Allowance for doubtful accounts	13,750	22,349
		63,254	92,556
Sch. C	Investments at cost	1,266,767	735,735
	Less: Allowance for investment writedowns	9,894	10,421
		1,256,873	725,314
	Total Financial Assets	3,166,114	3,142,491
	LIABILITIES		
Sch. E	Other liabilities	1,527,942	1,426,577
	Deferred revenue - note 4	15,661	27,257
Sch. F	Debenture and other debt	5,843,708	5,835,617
	Less: Sinking fund assets - note 5	1,085,038	1,017,997
	Plus: Unamortized unrealized foreign exchange gains (losses) - note 6	53,111	135,093
		4,811,781	4,952,713
	Group health and life insurance retirement benefits - note 8	2,415,090	2,195,997
	Unfunded pension liability - note 9	3,779,401	3,177,995
	Total Liabilities	12,549,875	11,780,539
	NET DEBT	9,383,761	8,638,048
	NON-FINANCIAL ASSETS		
Sch. D	Tangible capital assets	2,443,869	2,261,499
	Prepaid expenses	10,620	8,352
	Inventories of supplies	22,704	23,707
	Total Non-Financial Assets	2,477,193	2,293,558
	ACCUMULATED DEFICIT	6,906,568	6,344,490

The accompanying notes and supporting schedules form an integral part of the financial statements.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Statement of Change in Net Debt
For the year ended 31 March 2014
with comparative figures for 2013

	Actuals 2014 ($000)	Original Estimates 2014 (Note 17) ($000)	Actuals 2013 ($000)
NET DEBT - beginning of period	8,638,048	8,715,719	7,968,688
Surplus (Deficit) for the period	(562,078)	(838,695)	(467,082)
Changes in tangible capital assets			
Acquisition of tangible capital assets	329,995	478,623	302,346
Net book value of tangible capital asset disposals	(31,177)	-	(9,748)
Amortization of tangible capital assets	(116,448)	(131,975)	(91,991)
Increase in net book value of tangible capital assets	182,370	346,648	200,607
Changes in other non-financial assets			
Acquisition of prepaid expenses (net of usage)	2,268		1,491
Acquisition of inventories of supplies (net of usage)	(1,003)		180
Increase in other non-financial assets	1,265		1,671
Increase (Decrease) in net debt	745,713	1,185,343	669,360
NET DEBT - end of period	9,383,761	9,901,062	8,638,048

The accompanying notes and supporting schedules form an integral part of the financial statements.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Statement of Operations
For the year ended 31 March 2014
with comparative figures for 2013

		Actuals 2014	Original Estimates 2014 (Note 17)	Actuals 2013
		($000)	($000)	($000)
REVENUE				
Provincial				
Tax Revenue				
	Sales	907,008	945,531	941,014
	Personal income	1,221,741	1,113,146	1,158,522
	Gasoline	185,666	176,256	170,684
	Corporate income	357,792	392,701	766,576
	Mining and mineral rights	160,438	232,034	135,986
	Other	412,952	345,300	387,949
Non-Tax Revenue				
	Offshore royalties	2,125,837	2,091,359	1,828,234
	Investment	256,926	174,599	262,361
	Fees and fines	168,045	152,741	164,832
	Other	28,587	8,570	30,010
Related revenue		176,594	69,870	185,690
Government of Canada				
	Health and social transfers	713,278	673,601	612,965
	Other	1,710	1,708	1,708
Federal related revenue		207,006	341,292	287,724
	Total Revenue	6,923,580	6,718,708	6,934,255
EXPENSE				
Sch. J	General Government Sector and Legislative Branch	2,046,708	2,098,465	1,807,794
Sch. J	Resource Sector	1,189,464	1,202,926	1,387,218
Sch. J	Social Sector	4,249,486	4,256,012	4,206,325
Sch. K	***Total Expense***	7,485,658	7,557,403	7,401,337
ANNUAL SURPLUS (DEFICIT) - note 10		(562,078)	(838,695)	(467,082)

The accompanying notes and supporting schedules form an integral part of the financial statements.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Statement of Change in Accumulated Deficit
For the year ended 31 March 2014
with comparative figures for 2013

	Actuals 2014 ($000)	Original Estimates 2014 (Note 17) ($000)	Actuals 2013 ($000)
ACCUMULATED DEFICIT - beginning of period	6,344,490		5,877,408
Surplus (Deficit) for the period	(562,078)	(838,695)	(467,082)
ACCUMULATED DEFICIT - end of period	6,906,568		6,344,490

The accompanying notes and supporting schedules form an integral part of the financial statements.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Statement of Cash Flows
For the year ended 31 March 2014
with comparative figures for 2013

	Actuals 2014 ($000)	Actuals 2013 ($000)
Funds provided from (applied to):		
OPERATIONS		
Annual surplus (deficit)	(562,078)	(467,082)
Add (Deduct) non-cash items:		
Amortization of foreign exchange (gains)/losses	(15,630)	(17,840)
Amortization of tangible capital assets	116,448	91,991
April writebacks	41,485	(28,708)
Deferred revenue	(11,596)	(9,329)
Other	51,429	219,102
Retirement costs	820,500	688,536
Sinking funds	(54,920)	(53,943)
Valuation allowances	181	7,666
Net cash provided from (applied to) operating transactions	385,819	430,393
CAPITAL		
Acquisitions	(328,419)	(302,346)
Disposals	31,177	9,748
Net cash provided from (applied to) capital transactions	(297,242)	(292,598)
FINANCING		
Debt retirement	(85,900)	(32,600)
Retirement of pension liabilities	-	(294,300)
Sinking fund contributions	(48,518)	(50,153)
Sinking fund proceeds	64,003	-
Special purpose funds/contractors' holdback funds	(4,427)	11,058
Treasury bills purchased	1,971,046	1,971,050
Treasury bills redeemed	(1,971,030)	(1,971,085)
Net cash provided from (applied to) financing transactions	(74,826)	(366,030)
INVESTING		
Loan advances and investments	(533,958)	(256,635)
Loan repayments	33,101	29,383
Net cash provided from (applied to) investing transactions	(500,857)	(227,252)
Net cash provided (applied)	(487,106)	(455,487)
Cash and temporary investments - beginning of period	1,452,437	1,907,924
CASH AND TEMPORARY INVESTMENTS - end of period - note 2	965,331	1,452,437

The accompanying notes and supporting schedules form an integral part of the financial statements.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Notes to the Financial Statements
For the year ended 31 March 2014

1. Summary of Significant Accounting Policies

(a) The Reporting Entity

The Reporting Entity includes the accounts and financial activities of the Consolidated Revenue Fund. Pursuant to the *Financial Administration Act* of the Province all public monies are accounted for through the Fund.

(b) Basis of Accounting

(i) *Method*

These financial statements are prepared on the accrual basis of accounting, revenues being recorded when earned and expenses being recorded when liabilities are incurred, with exceptions made in accordance with the applicable significant accounting policies.

(ii) *Revenues*

Revenues from the Government of Canada under the federal-provincial fiscal arrangements, health and social transfers and tax collection agreements are based on regular entitlements received for the current year and adjusted against future years' revenues when known. Government transfers are recognized as revenue in the period during which the transfer is authorized and all eligibility criteria are met, except when and to the extent that the transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers meeting the definition of a liability are recorded as deferred revenue and are recognized as revenue when the funds are used as intended.

Revenues from provincial tax sources are accrued in the year earned based upon estimates using statistical models and prior year actuals. Tax revenues are recorded at the amount estimated, after considering certain adjustments for non-refundable tax credits and other adjustments from the federal government. Refundable tax credits are not recognized as a reduction of tax revenues. Tax revenues are recorded net of any tax concessions or expenditures that reduce the amount of tax payable. Transfers made through the tax system that do not affect the amount of tax payable are recorded as expenses.

Other revenues are recorded on an accrual basis.

(iii) *Expenses*

Expenses are recorded on an accrual basis.

Retirement related costs are determined as the cost of benefits and interest on the liabilities accrued, as well as amortization of experience gains and losses.

(iv) *Assets*

Cash and temporary investments represent the cash position including bank balances and short-term, highly liquid investments that are readily convertible to known amounts of cash. Temporary investments are recorded at cost or market value, whichever is lower.

Government of Canada - claims in process are recorded as a receivable based on claims outstanding at 31 March and relate mainly to cost-shared agreements.

Inventories of supplies are comprised of items which are held for consumption that will be used by the Province in the course of its operations.

Accounts receivable are recorded for all amounts due for work performed and goods or services supplied. Taxes receivable are recorded for all amounts due for levies that are authorized and for which the taxable event has occurred. Valuation allowances are provided when collection is considered doubtful.

Loans, advances and mortgages receivable are recorded at cost, less any concessionary terms. Concessionary terms represent the difference between the face value and the present value of the loan and are accounted as expenses on the Statement of Operations. Valuation allowances are recorded to reflect assets at the lower of cost or net recoverable value. Loans made by the Province that are expected to be recovered from future appropriations are accounted for as expenses by providing valuation allowances. Interest revenue on loans receivable is recognized when earned and ceases when collection is not reasonably assured.

Investments are recorded at cost, less any concessionary terms. Concessionary terms represent the difference between the face value and the present value of the investment and are accounted as expenses on the Statement of Operations. Investments are written down when there is a loss in value that is other than a temporary decline.

Tangible capital assets held by the Province are recorded at cost or estimated cost less accumulated amortization.

Unrealized foreign exchange gains or losses are deferred and amortized on a straight line basis over the remaining term of the debt.

(v) *Liabilities*

Other liabilities are recorded for all amounts due for work performed, goods or services received or for charges incurred in accordance with the terms of a contract.

Deferred revenue represents amounts received but not earned.

Debenture and other debt, except treasury bills, are recorded at face value. Treasury bills are recorded at net proceeds.

The Province records foreign-denominated debt in Canadian dollars translated at the exchange rate on the transaction date which is considered to be the issue date; except for the proceeds of hedged transactions which are recorded at the rate as established by the terms of that hedge. Foreign-denominated sinking fund assets are also recorded in Canadian dollars and transactions are translated at the exchange rate used in recording the related debt. At 31 March, foreign debt and sinking funds are adjusted to reflect the exchange rate in effect on that date.

(vi) *Government Transfers*

Government transfers are recognized by the Province as revenues or expenses in the period during which both the payment is authorized and any eligibility criteria and stipulations are met. The recognition of transfer revenues is only deferred when and to the extent that the transfer gives rise to an obligation that meets the definition of a liability. Receivables are established for transfers to which the Province is entitled under government legislation, regulation or agreement. Liabilities are established for any transfers due at 31 March for which the intended recipients have met the eligibility criteria and the transfer is authorized.

(vii) *Loan Guarantees*

The Province has guaranteed the repayment of principal and interest on certain debentures and bank loans on behalf of Crown corporations, municipalities, private sector companies and certain individuals. A provision for losses on these guarantees is established when it is determined that a loss is likely.

(c) Generally Accepted Accounting Principles

The accounting policies followed in the preparation of these financial statements have been applied consistently with generally accepted accounting principles for senior governments as established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

(d) Future Changes in Accounting Policies

PS 3260 - Liability for Contaminated Sites

The Public Sector Accounting Board issued Section PS 3260 - Liability for Contaminated Sites, which establishes standards on how to account for and report a liability associated with the remediation of contaminated sites. This accounting standard is effective for fiscal years beginning on or after April 1, 2014. As defined in the standard, contaminated sites are a result of contamination being introduced into air, soil, water, or sediment of a chemical, organic, or radioactive material, or live organism that exceeds an environmental standard. The Province will recognize a liability related to the remediation of such contaminated sites subject to certain recognition criteria. The Province is currently analyzing the impact of this standard on its financial statements.

PS 3450 - Financial Instruments and PS 2601 - Foreign Currency Translation

The Public Sector Accounting Board issued Section PS 3450 - Financial Instruments, effective for fiscal years beginning on or after April 1, 2016. Under this new standard, financial instruments will be assigned a measurement category of either fair value, cost or amortized cost. Until a financial instrument is derecognized, any gains or losses that arise due to fair value remeasurement will be reported on the Statement of Remeasurement Gains and Losses. Adoption of this standard requires the adoption of PS 2601 - Foreign Currency Translation, PS 1201 - Financial Statement Presentation and PS 3041 - Portfolio Investments in the same fiscal year. The impact of this standard on the financial statements is not yet known.

2. Cash and Temporary Investments

Cash and temporary investments consist of:

	31 March 2014 ($mil)	31 March 2013 ($mil)
Cash balance (overdraft)	816.3	1,029.5
Temporary investments - note 16	149.0	422.9
Total: Cash and Temporary Investments	965.3	1,452.4

As at 31 March 2014, these investments have maturity dates ranging from 1 May 2014 to 29 May 2014 at an interest rate of 1.27%.

3. Government of Canada – Claims in Process

Consists of:

	31 March 2014 ($mil)	31 March 2013 ($mil)
Claims receivable at 31 March not received in April	128.5	158.7
Receipts in April	8.3	66.9
Total: Government of Canada – Claims in Process	136.8	225.6

4. Deferred Revenue

Consists of:

	31 March 2014 ($mil)	31 March 2013 ($mil)	Change ($mil)
Gas tax initiatives	9.6	11.4	(1.8)
Federal initiatives in support of community development, employment development and police officers	4.9	15.4	(10.5)
Other miscellaneous programs	1.2	0.5	0.7
Total: Deferred Revenue	15.7	27.3	(11.6)

The balance as of 31 March 2014 will be recognized as revenue in the periods in which the revenue recognition criteria have been met.

5. Sinking Fund

The value of the sinking funds as recorded in the Newfoundland and Labrador Government Sinking Fund financial statements is reflected in these financial statements.

The Sinking Fund Assets consist of:

	31 March 2014 ($mil)	31 March 2013 ($mil)
Investments at cost	904.3	841.5
Amortization of bond discount	96.5	86.0
Investments at amortized cost	1,000.8	927.5
Cash and receivables less accounts payable	84.2	90.5
Net Sinking Fund Assets - translated at 31 March	1,085.0	1,018.0

The net sinking fund assets balance of $1,085.0 million Canadian dollars as at 31 March 2014 includes $363.6 million U.S. dollars translated to $402.0 million Canadian dollars in accordance with current practice.

The net sinking fund assets balance of $1,018.0 million Canadian dollars as at 31 March 2013 includes $338.7 million U.S. dollars translated to $344.1 million Canadian dollars in accordance with current practice.

The Province does not anticipate conversion of the U.S. dollars to Canadian dollars as the U.S. funds will be used to retire U.S. debt.

6. Unamortized Unrealized Foreign Exchange Gains and Losses

Foreign currency debt and sinking funds are translated to Canadian dollars at the exchange rate at 31 March 2014 or the exchange rate at maturity for those debt and sinking funds retired during the fiscal year. See Schedule F - Debenture and Other Debt. Details of the effect of these translations at year end are outlined in the table below.

The net amortization expense is $15.6 million which represents a credit adjustment (31 March 2013 - $17.8 million-credit adjustment). This is included in debt expenses on the Statement of Operations.

	31 March 2014 ($mil)	31 March 2013 ($mil)
Foreign exchange gain (loss):		
Debt	110.8	204.8
Sinking funds	(38.6)	(66.2)
Net	72.2	138.6
Total accumulated amortization	(19.1)	(3.5)
Net unamortized unrealized foreign exchange gains (losses)	53.1	135.1

7. Provision for Guaranteed Debt

The provision for possible losses on guaranteed debt is nil (31 March 2013 - nil) (see note 12(a)).

8. Retirement Benefits – Group Health and Life Insurance

All retired employees of the Government of Newfoundland and Labrador who are receiving a pension from the Public Service Pension Plan, Uniformed Services Pension Plan, Members of the House of Assembly Pension Plan or the Provincial Court Judges' Pension Plan are eligible to participate in the group insurance program sponsored by Government. All retired teachers who are receiving a pension from the Teachers' Pension Plan are eligible for coverage under the group insurance program sponsored by the Newfoundland and Labrador Teachers Association (NLTA) and cost shared by Government. These programs provide both group health and group life benefits to enrolled retirees.

Under Government's program, the Province contributes 50% towards group health and group life premiums for both employees and retirees. Government also contributes 50% towards group health and group life premiums for both teachers and retirees insured under the programs sponsored by the NLTA, subject to the maximum premiums under Government's program. The group life benefits cease at age 65 for retirees. As at 31 March 2014, the plans provided benefits to 21,657 retirees.

Actuarial Valuations

An actuarial extrapolation was prepared to 31 March 2014 by the Province's actuaries based on the latest actuarial valuation (valuation date of 31 March 2012) for the programs sponsored by the Province and the NLTA. The actuarial extrapolation was based on a number of assumptions about future events including an interest rate of 3.90%, Consumer Price Index (CPI) of 2.50%, as well as other assumptions such as health care cost trends, wage and salary increases, termination rates, plan participation rates, utilization rates and mortality. The assumptions used reflect the Province's best estimates of expected long-term rates and short-term forecasts.

Group Health and Life Insurance Retirement Benefits Liability

Details of the group health and life insurance retirement benefits liability are outlined in the table below:

Plan	Estimated Accrued Benefit Obligation ($mil)	Unamortized Experience Gains (Losses) ($mil)	Net Liability 2014 ($mil)	Net Liability 2013 ($mil)	Change ($mil)
Group health retirement benefits	1,962.9	357.6	2,320.5	2,108.2	212.3
Group life insurance retirement benefits	112.3	(17.7)	94.6	87.8	6.8
Total	2,075.2	339.9	2,415.1	2,196.0	219.1

There are no fund assets associated with these plans.

Group Health and Life Insurance Retirement Benefits Expense

In these statements, group health and life insurance retirement benefits costs have been determined as the cost of benefits accrued during the period. Interest on the liability has been accrued for the same period.

The change in the liability for the current period is comprised of the following amounts:

Plan	Province's Share of Current Period Costs ($mil)	Interest Expense on the Liability ($mil)	Province's Current Period Contributions ($mil)	Current Period Amortization of Experience Changes ($mil)	Plan Amendments ($mil)	Change ($mil)
Group health retirement benefits	98.2	94.5	(22.3)	41.9	-	212.3
Group life insurance retirement benefits	3.2	4.3	(3.1)	2.4	-	6.8
Total	101.4	98.8	(25.4)	44.3	-	219.1

Interest expense related to the group health and life insurance retirement benefits liability is included with interest as debt expenses in the financial statements. Interest related to group health and life insurance retirement benefits for 31 March 2013 amounted to $104.9 million.

Experience Gains or Losses

Experience gains or losses are amortized over the estimated average remaining service life of active participants. The amortization amount is included with retirement costs in the financial statements commencing in the year subsequent to the year in which the experience gain or loss arose.

9. Retirement Benefits – Pensions

Defined Benefits

The Government of Newfoundland and Labrador guarantees defined benefit pension plans for substantially all of its full time employees, and those of its Agencies, Boards and Commissions and for members of its Legislature. The plans are - the Public Service Pension Plan, Teachers' Pension Plan, Uniformed Services Pension Plan, the Members of the House of Assembly Pension Plan, and the Provincial Court Judges' Pension Plan. Combined, the plans have 36,029 participants as at 31 March 2014.

The Plans provide for pensions based on employees' length of service and highest average earnings. Employees contribute a defined percentage of their salary, and the employer generally matches this amount. As at 31 March 2014, the plans provided benefits to 27,391 pensioners. Inflation protection is not extended to pensioners of the Uniformed Services Pension Plan or the Members of the House of Assembly Pension Plan nor to pensioners of the Teachers' Pension Plan who retired prior to 1 September 1998.

In 1980, the Province of Newfoundland and Labrador Pooled Pension Fund was established by the *Pensions Funding Act*, with the Minister of Finance as Trustee. This Fund administers all financial activity of these five plans, including the collection of all contributions and the payment of pensions and the investment of funds. The Consolidated Revenue Fund guarantees any deficiency in the event assets of a plan are insufficient to meet benefit payments or administration costs.

Contribution and Benefit Formulae

Public Service Pension Plan

Employee contributions are 8.6% of pensionable salary, less a formulated amount representing contributions to the Canada Pension Plan (CPP). A pension benefit is available based on the number of years of pensionable service times 2% of the employee's best five years average salary, reduced by a formulated amount representing CPP pension benefits for each year since 1967.

During 2006-07 plan legislation was enacted consistent with the two components of the Plan. The Registered component will continue to be administered within the Province of Newfoundland and Labrador Pooled Pension Fund and will provide benefits based on limits set out in the federal *Income Tax Act*. The Supplementary component will be administered in the accounts of the Consolidated Revenue Fund and will provide for the remainder of benefits under the Plan.

Teachers' Pension Plan

Employee contributions are 9.35% of pensionable salary. A pension benefit is available based on the number of years of pensionable service prior to 1 January 1991 times 1/45th of the employee's best five years average salary, plus 2% of the employee's best five years average salary times years of pensionable service after that date, reduced by a formulated amount representing CPP pension benefits for each year since 1967. The CPP reduction only applies to pensioners who retired after 31 August 1998.

During 2006-07 plan legislation was enacted consistent with the two components of the Plan. The Registered component will continue to be administered within the Province of Newfoundland and Labrador Pooled Pension Fund and will provide benefits based on limits set out in the federal *Income Tax Act*. The Supplementary component will be administered in the accounts of the Consolidated Revenue Fund and will provide for the remainder of benefits under the Plan.

Uniformed Services Pension Plan

Employee contributions are 9.95% of pensionable salary, less a formulated amount representing contributions to the CPP. A pension benefit is available based on the number of years pensionable service times 2% of the employee's best three years average salary, reduced by a formulated amount representing CPP pension benefits since 1967. Grandfathered members have higher service accrual pensions in recognition of their higher contributions.

During 2012-13 plan legislation was enacted consistent with the two components of the Plan. The Registered component will continue to be administered within the Province of Newfoundland and Labrador Pooled Pension Fund and will provide benefits based on limits set out in the federal *Income Tax Act*. The Supplementary component will be administered in the accounts of the Consolidated Revenue Fund and will provide for the remainder of benefits under the Plan.

Members of the House of Assembly Pension Plan

Member contributions are 9% of pensionable salary, which includes salary as a Minister, if applicable. A pension benefit is available after serving as a Member in, at least, two General Assemblies and for, at least, five years. The benefit formula is based on years of service expressed as a percentage of the average pensionable salary for the best three years. The percentage varies being 5% for each of the first ten years, 4% for each of the next five years and 2.5% for each of the next two years of service as a Member. For members elected for the first time after 8 February 1999, the percentage is 5% for the first ten years and 2.5% for each of the next ten years. For members elected for the first time after 31 December 2009, the percentage is 3.5% for each year of service as a Member. The accrued benefit is reduced by a formulated amount representing CPP pension benefits for each year since 1967. Ministers receive an additional pension amount calculated similarly, based on service and pensionable salary as a Minister.

During 2005-06 the *Members of the House of Assembly Retiring Allowances Act* was enacted to restructure the Members of the House of Assembly Pension Plan into two components based on limits set out in the federal *Income Tax Act*. The first, or registered component, will continue to be administered within the Province of Newfoundland and Labrador Pooled Pension Fund. The second, or the Supplementary Employee Retirement component, will be administered in the accounts of the Consolidated Revenue Fund.

Provincial Court Judges' Pension Plan

Effective 1 April 2002 (pursuant to the *Provincial Court Judges' Pension Plan Act* enacted 8 June 2004) the Provincial Court Judges' Pension Plan was established with then-existing judges being given the one-time option of transferring from the Public Service Pension Plan. All judges appointed subsequent to 1 April 2002 are required to join this Plan. Employee contributions are 9% of pensionable salary. A pension benefit is available based on the number of years pensionable service times 3.33% of the judge's annual salary. The Registered component of the Plan, administered within the Province of Newfoundland and Labrador Pooled Pension Fund, provides benefits based on limits set out in the federal *Income Tax Act* with the remainder of the benefit provided by the Supplementary component. The Supplementary component will be administered in the accounts of the Consolidated Revenue Fund.

Actuarial Valuations

The actuarial valuations which are prepared by the Province's actuaries were based on a number of assumptions about future events, such as interest rates, wage and salary increases, inflation rates and rates of employee turnover, disability and mortality. The assumptions used reflect the Province's best estimates of expected long-term rates and short-term forecasts. The expected interest and inflation rates follow:

Expected Interest Rates

The expected average interest rate for the Public Service Pension Plan is 6.75%. The expected rate for the Teachers' Pension Plan is 6.75% projected on a long-term basis. The expected rate for the Uniformed Services Pension Plan is 6.75% projected on a long-term basis. The expected rate for the Members of the House of Assembly Pension Plan is 6.75% for the Registered component and 3.60% for the Supplementary Employee Retirement component, projected on a long-term basis. The expected rate for the Provincial Court Judges' Pension Plan is 6.50% for the Registered component and 3.60% for the Supplementary Employee Retirement component, projected on a long-term basis.

Expected Inflation Rates

The expected inflation rate for all pension plans is 2.50%.

The latest actuarial valuations for the Province's pension plans, according to the administrators of those plans, are dated as listed in the following table:

Pension Plan	Valuation Date
Public Service	31 December 2012
Teachers'	31 August 2012
Uniformed Services	31 December 2011
Members of the House of Assembly	31 December 2009
Provincial Court Judges'	31 December 2010

Actuarial extrapolations are provided for accounting purposes by the Province's actuaries based on the above dates, unless otherwise noted.

Pension Liability

Details of the pension liability are outlined in the table below. The estimated accrued benefit obligation and the value of the plan assets reported below have been extrapolated by the Province's actuaries to 31 March 2014. The actual results of future valuations may result in variances from these extrapolations.

Pension Plan	Estimated Accrued Benefit Obligation	Fund Assets	Unamortized Experience Gains (Losses)	Net Unfunded Liability 2014	Net Unfunded Liability 2013	Change
	($mil)	($mil)	($mil)	($mil)	($mil)	($mil)
Public Service	7,656.2	5,020.2	(358.4)	2,277.6	1,930.4	347.2
Teachers'	4,631.6	2,918.0	(520.9)	1,192.7	969.5	223.2
Uniformed Services	426.5	182.1	(30.6)	213.8	189.4	24.4
Members of the House of Assembly	114.7	19.4	(14.6)	80.7	76.5	4.2
Provincial Court Judges'	21.9	6.4	(0.9)	14.6	12.2	2.4
Total	12,850.9	8,146.1	(925.4)	3,779.4	3,178.0	601.4

Pension Fund Assets are valued at the market value at 31 December 2013 and projected to year end.

Pension Expense

In these statements, pension costs have been determined as the cost of benefits accrued during the period. Interest on the unfunded liability has been accrued for the same period.

The change in the unfunded liability for the current period for each plan is comprised of the following amounts:

Pension Plan	Province's Share of Pension Benefits Earned for the Period ($mil)	Pension Interest Expense on the Unfunded Liability ($mil)	Province's Current Period Pension Contributions ($mil)	Current Period Amortization of Experience Changes ($mil)	Other Adjustments ($mil)	Unfunded Portion of Current Period Pension Change ($mil)
Public Service	42.0	201.0	(33.2)	137.4	-	347.2
Teachers'	37.6	124.4	(43.1)	104.3	-	223.2
Uniformed Services	4.5	16.1	(4.1)	7.9	-	24.4
Members of the House of Assembly	3.0	3.4	(6.1)	3.9	-	4.2
Provincial Court Judges'	1.7	0.6	(0.4)	0.5	-	2.4
Total	88.8	345.5	(86.9)	254.0	-	601.4

Pension interest expense is included with interest as debt expenses in the financial statements. Pension interest expense for 31 March 2013 amounted to $309.2 million.

Experience Gains or Losses

Experience gains or losses are amortized over the estimated average remaining service life of active contributors. The amortization amount is included with retirement costs in the financial statements commencing in the year subsequent to the year in which the experience gain or loss arose.

Other Pension Plan

The Government Money Purchase Pension Plan was established for employees whose employment status does not qualify them for participation in another of their employer's pension plans. This plan has approximately 31,967 participants. Employees contribute 5% of their salary to the Plan and the Province generally matches this contribution. Each employee will receive an annuity at retirement, the value of which is determined by their accumulated contributions plus investment earnings. This Plan is administered by the London Life Insurance Company and at 31 March 2014 assets had a market value of $312.7 million (31 March 2013 - $280.3 million). The expense recognized for 31 March 2014 amounted to $2.3 million (31 March 2013 - $2.1 million).

10. Current and Capital Account

The annual deficit of $562.1 million (31 March 2013 - deficit of $467.1 million) is comprised of a deficit on the current account of $279.5 million (31 March 2013 - deficit of $169.0 million) and a deficit on the capital account of $282.6 million (31 March 2013 - deficit of $298.1 million). The classification of revenue and expenses between current account items and capital account items follow the classifications as per the Estimates for the purposes of categorizing the annual deficit.

11. Amounts Capitalized

Funds advanced to Crown agencies may be in the form of investments in such agencies or as loans or advances. Payments and receipts related to principal portions of these loans, advances and investments are capitalized on the Statement of Financial Position. Depending upon the relevant legislation and/or particular circumstances under which a Crown agency is established, the profits generated by their operations may be: (a) turned over to the Province and recorded as revenue; (b) used to repay loans and advances made to the agency by the Province; or (c) retained by the agency.

Amounts capitalized for 31 March 2014 amounted to $591.7 million (31 March 2013 - $228.7 million).

12. Contingent Liabilities

(a) Guaranteed Debt

Guarantees made by the Province as at 31 March 2014 amounted to $1,419.2 million (31 March 2013 - $1,393.6 million). In addition, the Province guaranteed the interest thereon. See Schedule G - Guaranteed Debt.

(b) Legal Actions

(i) There have been a number of statements of claim alleging negligence on the part of Government employees and agencies in not preventing abuse while these claimants were under Government care.

(ii) A number of claims have been filed against the Province for alleged breaches of contracts and/or tenders as well as for general damages and personal claims pursuant to action initiated by the Province.

(c) Other

(i) *Trust Accounts*

a) Office of the Public Trustee

The Province guarantees all sums required to discharge the balances of the Public Trustee as administrator, guardian, trustee, etc. (*Public Trustee Act*). See Schedule I – Trust Accounts.

b) Registrar of the Supreme Court

The Province guarantees all sums required to discharge the balances of the Registrar of the Supreme Court as administrator, guardian, trustee, etc. (*Judicature Act*). See Schedule I – Trust Accounts.

c) Other Trust Accounts

Generally, the Province is contingently liable for any shortage that may occur for certain funds held in trust by the Province. Currently, all obligations held have an offsetting asset. *See Schedule I - Trust Accounts.*

(ii) *Pensions*

a) Province of Newfoundland and Labrador Pooled Pension Fund

Pursuant to Section 9 of the *Pensions Funding Act*, the Consolidated Revenue Fund is liable for any deficiency in the Province of Newfoundland and Labrador Pooled Pension Fund covered by that Act. See note 9.

b) Memorial University of Newfoundland Pension Fund

Pursuant to Section 6 of the *Memorial University Pensions Act*, if there is insufficient money in the Memorial University of Newfoundland Pension Fund to provide for the payment of applicable expenditures as they fall due, the Consolidated Revenue Fund is liable for payment of an amount to cover the deficiency. As at 31 March 2014, the Memorial University of Newfoundland Pension Plan had an unfunded pension liability for funding purposes of $295.8 million (31 March 2013 - $347.0 million). However, there currently exists sufficient money in the Fund for the payment of expenditures as they fall due.

(iii) *Canadian Saltfish Corporation*

On 17 July 1970, the Province entered into an agreement with the Government of Canada for the marketing of saltfish products by the Canadian Saltfish Corporation (the Corporation), pursuant to the *Saltfish Act*. The Agreement provided that the Province is required to pay to the Government of Canada a proportional share of 50 per cent of the losses of the Corporation. This share is based on the total value of annual sales of cured fish products applicable to each participating province.

On 19 February 1993, the Government of Canada requested that the Province compensate it for losses incurred to 31 March 1992. The amount which the Government of Canada calculated as the Province's share of the losses was $21.6 million.

The Corporation was dissolved with effect from 1 April 1995, so that resolution of the matter will be between the Government of Canada and the Province. However, the Province takes the position that for a number of reasons, including the fact that the Corporation engaged in activities beyond its mandate as determined by the Auditor General of Canada and confirmed by the Department of Justice of Canada, it is not liable for the amount claimed.

(iv) *Newfoundland and Labrador Student Loans Program*

Under the loan guarantee component of this Program, the Province has no guarantees issued at 31 March 2014. Under the debt reduction component of the Program, the Province is contingently liable for possible grants totalling $10.0 million, of which $8.1 million has been recorded as a provision for likely amounts payable related to student loans due to the debt reduction component. See Schedule E - Other Liabilities.

(v) *Environmental Responsibility*

As a result of delivering its stated programs and initiatives, there are a number of sites throughout the Province which are considered potentially contaminated sites. A liability will be accrued in the financial statements when it has been determined that the Province is liable for a site which has become contaminated and where a reasonable estimate of the remediation costs can be made. To date, $20.2 million has been recorded (see Schedule E - Other Liabilities).

Where it is uncertain as to whether an obligation exists for the Province to remediate a contaminated site, then information on any such sites will be disclosed as contingent liabilities.

As at 31 March 2014, while the Province is aware of a number of contaminated sites, the full extent of the remediation costs for these known sites is not readily determinable other than those indicated below. It is the responsibility of the departments to identify any other potentially contaminated sites which are owned by the Province and to collect the information necessary to assess the extent or likelihood of any environmental damage. As contaminated sites are identified, additional environmental liabilities may be recognized or contingent liabilities disclosed due to newly identified sites and/or changes in the assessments of currently known sites.

Former Abitibi-Consolidated Sites

In December 2008, the Province passed legislation entitled *Abitibi-Consolidated Rights and Assets Act* to expropriate certain rights and assets from Abitibi-Consolidated. Abitibi filed for creditor protection, and was granted a stay of creditor proceedings, under the *Companies' Creditor Arrangements Act* ("CCAA") in April 2009. The Province petitioned the CCAA court for a declaration that Abitibi is responsible for full compliance with the *Provincial Environmental Protection Act*, which included clean-up of its former sites. The CCAA court ruled that any claims the Province may have regarding clean-up of the former sites can be compromised and extinguished by the CCAA process, the practical effect of which is that the Province could bear the burden of clean-up of these sites.

In November 2011, the Province brought the matter to the Supreme Court of Canada. The Supreme Court of Canada released its decision on 7 December 2012. As a result of the ruling, the Province is responsible for the remediation costs of sites formerly occupied by Abitibi and owned by the Province. For legal purposes, initial environmental site assessments estimated the extent of the contamination for potential remediation of approximately $265 million. However, further environmental site assessments would be necessary to assess the human health and ecological risks and to determine the methods and related costs required to remediate the contamination. The completion of any such assessments would inform the Province as to the extent of the necessary remediation efforts and costs which would result in the giving up of future economic benefits and the recognition of a liability for the Province.

Former Mining Sites

The Province owns two former mining sites which have estimated costs for remediation that are potentially significant: the former Baie Verte Asbestos Mine (order of magnitude costs of $40.0 million) and the former Consolidated Rambler Mines Copper Mine (order of magnitude costs of $95.0 million). The Province has completed rehabilitation at these sites designed to address immediate human health and safety issues. No remediation expenditures are planned for the next five years. In addition to these two sites, the Province is seeking to complete an inventory and risk based priority list of orphaned and abandoned mines.

(vi) *Equity Support Agreements – Lower Churchill Project*

The Province has provided a guarantee to the Government of Canada to compensate it for any costs under the Federal Loan Guarantee on the Lower Churchill Project which are triggered by legislative or regulatory actions of the Province. The Province has a separate agreement for each component of the project to guarantee the payment of Nalcor's equity commitments in the event that Nalcor fails to fulfill its commitments.

(vii) *Miscellaneous contingent liabilities*

The Province has a contingent liability regarding potential repayment of insurance proceeds in the amount of $8.3M. The matter is currently being reviewed by legal counsel.

13. Contractual Obligations

Contractual obligations to outside organizations in respect of contracts entered into before 31 March 2014 consists of:

	31 March 2014 ($mil)	31 March 2013 ($mil)
Capital projects	512.3	497.6
Lower Churchill Project	330.0	-
Oil and Gas	223.0	145.0
Provincial policing agreement	143.0	137.7
Economic development	120.2	66.2
Road maintenance	60.0	19.3
Information technology services	58.6	34.4
Lease payments	44.9	56.2
Residential services	32.4	-
Building maintenance	21.3	29.5
Ferry services	18.9	48.9
Telephone services	4.3	12.5
Other projects	3.5	28.5
Total: Contractual Obligations	1,572.4	1,075.8

These contractual obligations will become liabilities and expenses of the Consolidated Revenue Fund when the terms of the contracts are met. Payments in respect of these contracts and agreements are subject to the voting of supply by the Legislature.

14. Measurement Uncertainty

Measurement uncertainty exists when it is reasonably possible that there could be a material variance between the recognized amount and another reasonably possible amount, as there is whenever estimates are used. Estimates are based on the best information available at the time of preparation of the financial statements and are adjusted annually to reflect new information as it becomes available.

Some examples of where measurement uncertainty exists are as follows:

(i) The nature of uncertainty for the accrual of retirement benefits, the allowance for guaranteed debt, and the accrual of self-insured workers' compensation benefits arises as actual results may differ significantly from the Province's assumptions about plan members and economic conditions in the marketplace.

(ii) The accruals for environmental remediation obligations are uncertain because the actual extent of the remediation activities, methods, and site contamination may differ significantly from the Province's original remediation plans.

(iii) Revenues from sales taxes, income taxes, oil royalties, Canada Health Transfer, and Canada Social Transfer are uncertain due to differences between the estimated and actual economic performance and other assumptions used to accrue these revenues. The tax revenues under the federal-provincial fiscal arrangements attributable to the year can change as a result of reassessments in subsequent years. The variability of the final amounts attributable to the year cannot be reasonably determined.

15. Comparatives

Certain of the 31 March 2013 financial statement figures and related schedules have been restated to be consistent with the 31 March 2014 statement presentation.

16. Cash Requirements

The following summarizes the actual cash requirements, borrowings and utilization of the borrowings in excess of cash requirements for the year ended 31 March 2014. The total borrowing contribution has been adjusted for the modifications to the cash basis of accounting to arrive at the cash requirement. Please refer to the Report on the Program Expenditures and Revenues of the Consolidated Revenue Fund for the year ended 31 March 2014 for further information on the calculation of the Total Borrowing Contribution (Requirement) of $(522.0) million noted below.

	31 March 2014 ($mil)	31 March 2013 ($mil)
Total Borrowing Contribution (Requirement)	(522.0)	(440.6)
Add (Deduct):		
Treasury bill borrowing repayments	(1,971.0)	(1,971.1)
Temporary investments 1 April 2013	422.9	649.3
Writeback expenditure - 2014	367.1	384.2
Writeback expenditure - 2013	(384.2)	(395.0)
Writeback revenue - 2014	(8.3)	(66.9)
Writeback revenue - 2013	66.9	49.0
Special purpose funds	0.1	(1.3)
Contractors' holdback funds	(4.5)	12.3
Prior year's expenditure cheques recovered	0.5	1.1
Other Adjustments	(2.7)	1.8
Total: Cash Requirements	(2,035.2)	(1,777.2)
Borrowings:		
Treasury bill borrowings	1,971.0	1,971.1
Increase (Decrease) in cash balance (overdraft)	(213.2)	(229.0)
Total: Borrowings	2,184.2	2,200.1
Temporary Investments 31 March 2014	149.0	422.9

17. Original Estimates

Certain amounts in the 2013-14 Estimates shown for comparative purposes were prepared on the accrual basis.

The primary focus of the accrual budget information presented in the 2013-14 Budget Speech was to adhere to the more general format of the Consolidated Statement of Operations in Volume I. The details of the budgeted revenue and expense items that comprised the annual deficit amount of $838.7 million (consistent with the more detailed format of the non-consolidated Statement of Operations in Volume II) were not disclosed in the 2013-14 Budget Speech but rather were obtained from internal documentation used to calculate the budgeted surplus disclosed in the 2013-14 Budget Speech. In addition, an amount for Net Debt was also obtained from internal documentation.

In arriving at the original estimate figures on the Statement of Operations, implicit costs associated with the acquisition of tangible capital assets, which were eliminated from these items, were estimated based on a reasonable allocation methodology.

18. Change in Government Structure

Under section 5 and 17 of the *Executive Council Act*, government departments were reorganized effective 9 October 2013. Pursuant to Cabinet direction, the new financial structure for the departments commenced for the 2013-14 fiscal year. The comparative figures have been restated to reflect this new departmental structure.

19. Subsequent Event – Public Service Pension Plan Reform

Subsequent to year end, the Province and unions representing employees of the Public Service Pension Plan (PSPP) reached an agreement to address the sustainability of the pension plan and other post-employment benefit plans. Terms of the agreement are contingent on changes in the governance of the PSPP through the establishment of a joint trusteeship, meaning that both the Province and unions will be responsible for the future sustainability of the plan and will share equally in surpluses and deficits. The Trustee, who will oversee the administration of the plan, will be an independent body. Legislation that will establish the framework for the joint trusteeship will be introduced in a future sitting of the House of Assembly.

Upon the establishment of the joint trusteeship, the Province will pay a $2.685 billion promissory note amortized over a 30 year period to the trustee to address the unfunded position of the PSPP. The agreement also provides for plan changes to both the pension plan and other post-employment benefit plans, as well as contribution increases to the pension plan to come into effect January 1, 2015. The impact and timing on the accounting treatment for the joint trusteeship will be determined upon the completion of the framework for the joint trusteeship.

20. Additional Notes

In addition to the aforementioned, there are various other notes disclosed in the schedules which follow.

Schedule A

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Accounts and Taxes Receivable
As at 31 March 2014
with comparative figures for 2013

	2014 ($000)	2013 ($000)
Accounts Receivable:		
Offshore royalties	359,994	292,166
Funds held in trust	85,000	-
Crown agencies working capital and unremitted profits	77,070	73,988
Social assistance overpayments	42,035	38,135
Court fines	36,927	37,923
Miscellaneous/other receivables	26,940	36,329
Nalcor Energy	21,272	20,218
Student loans	19,015	21,600
Reciprocal billings - medical services	6,656	6,229
Due from municipalities	3,157	2,128
Rent and other royalties/permits to occupy	2,874	5,206
Amounts due as a result of Constituency Allowance review	2,807	2,698
Atlantic Lottery Corporation Incorporated	2,164	2,062
Workplace, Health, Safety and Compensation Commission	1,778	1,465
Fees and licences	818	6,963
Accrued interest on temporary investments	716	1,812
Province of Newfoundland and Labrador Pooled Pension Fund	677	862
Medical care plan audit recoveries	646	691
Accident recovery claims	353	1,329
Travel advances	74	91
Total: Accounts Receivable	690,973	551,895
Taxes Receivable:		
Mining and mineral rights tax	38,100	34,993
Sales tax	38,084	85,240
Gasoline tax	14,758	14,509
Health and post secondary education tax	14,756	11,785
Tobacco tax	11,896	11,074
School tax	9,213	9,260
Insurance companies tax	5,962	4,570
Corporate capital tax	867	3,027
Miscellaneous/other taxes	85	343
Total: Taxes Receivable	133,721	174,801
Total: Accounts and Taxes Receivable	824,694	726,696

NOTE

The allowance for doubtful accounts for 31 March 2014 is $80.8 million (31 March 2013 - $80.1 million).

Schedule B

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Loans, Advances and Mortgages Receivable
As at 31 March 2014
with comparative figures for 2013

	2014 ($000)	2013 ($000)
Crown Agencies:		
C.A. Pippy Park Commission	250	250
Newfoundland and Labrador Film Development Corporation	6,819	6,819
Student Loan Corporation	45,744	73,000
Total: Crown Agencies	52,813	80,069
Commercial Loans:		
6574262 Canada Inc.	500	500
A. L. Stuckless & Sons Limited	1,217	1,217
Afinin Lab Inc.	30	30
Blue Drop Inc.	500	500
Blue Ocean Satellite Systems Inc.	221	221
Canada Fluorspar (NL) Inc.	637	637
Carino Processing	-	3,600
Clear Risk Inc.	420	420
Cote's Mechanical Limited	-	200
Doyle, James & Sons Ltd.	771	771
Easteel Industries Limited	-	3,658
Eastern Star Group Canada Inc.	500	500
Gavijo Innovations	15	15
George Sexton Limited	-	50
Goodfellow Inc.	237	250
Grandy, Gordon	-	90
Holson Forest Products Ltd.	7,234	7,150
Hughes, Vincent	50	50
IC Spa Products Inc.	183	183
Island Seafoods Products Limited	125	125
Keats, Eric	102	102
Koby Seat Inc.	9	9
Marwood Ltd.	1,624	-
Mediclink Systems Limited	58	58
Melindy, John	-	191
MyTechSupport.com Limited	20	-
MyTelescope.com Inc.	315	315
Newfoundland and Labrador Mobile Shelters Limited	103	-
Newfoundland Harvesting Limited	-	2,727
Newman, Raymond	-	162
Northeast Coast Sealers Co-op Society Limited	-	367
O'Rourke, Rupert	-	337

LOANS, ADVANCES AND MORTGAGES RECEIVABLE (continued)

	2014 ($000)	2013 ($000)
Commercial Loans:		
Other Ocean Group Inc.	781	781
Pittman, Thomas	93	93
Procom Data Services	134	143
Pumphrey, Gerry	537	537
Quorum Information Group	-	172
Rocket City Studios Canada Inc. (formerly Bit Trap Studios Canada Inc.)	300	300
Saunders, Ralph	61	61
Seacraft Limited	68	68
Seaward, Alphonsus	99	99
Sexton Lumber Ltd.	2,048	2,114
Short, William	262	262
Silk Stevens (NLL) Limited	103	-
Superior Waterproof Coatings NF & LB Inc.	154	154
Sweet, Roy	59	59
Terra Nova Marine Co. Ltd.	400	400
Terra Nova Shoes ULC	6,138	6,775
Uncle Phil's Think Tank Inc.	75	75
Virtual Marine Technology	991	991
Whelan, Ormond	-	853
Wilson, Ronald & Curtis, Kevin	354	354
Total: Commercial Loans	27,528	38,726
Municipalities	630	-
Total: Other Organizations	630	-
Sub-Total: Loans, Advances and Mortgages Receivable	80,971	118,795
Less: Discounts due to concessionary terms - note 3	(3,967)	(3,890)
Total: Loans, Advances and Mortgages Receivable	77,004	114,905

CONSOLIDATED REVENUE FUND

LOANS, ADVANCES AND MORTGAGES RECEIVABLE (continued)

NOTES

1. Interest Rates and Loan Terms

Interest rates on loans range from non-interest bearing to 14% and are repayable over terms not exceeding twenty-five years.

2. Allowance for Doubtful Accounts

The allowance for doubtful accounts for 31 March 2014 is $13.8 million (31 March 2013 - $22.3 million).

3. Discounts due to concessionary terms on loans

The discounts due to concessionary terms on loans are the portion of the receivable that represents the difference between the face value and the present value of the loan. The loans are reported at their present value due to the concessionary terms in the loan agreement.

Schedule C

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Investments
As at 31 March 2014
with comparative figures for 2013

Description of Investment	Net Additions	Balance 31 March 2014 No. of Shares	Balance 31 March 2014 Cost	2013 Cost
	($000)		($000)	($000)
Preferred Shares:				
Atlantic Ocean Farms Limited - Class A, redeemable	-	289,655	290	290
Blue Line Innovations Inc. - Class B	-	5,000	500	500
Burton's Cove Logging and Lumber	-	76	3,818	3,818
Cold Ocean Salmon Inc. - Class A	-	10,000	10,000	10,000
Country Ribbon Inc.	-	4,500	4,500	4,500
Gray Aqua Group Ltd. - Class A	-	4,826,836	4,827	4,827
Newfoundland Aqua Services Ltd. - redeemable	1,024	1,023,761	1,024	-
Northern Harvest Sea Farms Newfoundland Ltd.	(686)	7,314,000	7,314	8,000
Orphan Industries Limited - Class B	(292)	29,100	290	582
Pixecur Technologies Inc. - redeemable	-	4,000	400	400
Total: Preferred Shares Investments	46		32,963	32,917
Common Shares:				
ACF Equity Atlantic Inc.	(28)	2,390,000	2,203	2,231
ACZEN Innovations Inc. - Class A	-	1,763	176	176
Adfinitum Networks Inc.	-	3,300	330	330
Atlantic Lottery Corporation Inc.	-	1	-	-
Consilient Technologies Corporation - Class B	-	568,182	500	500
Dockside Appetizers Ltd. - Class B	-	310	31	31
Dynamic Air Shelters Ltd. - Class B	-	428,492	428	428
First Choice Vision Centre Limited - Class B	(15)	4,537	411	426
Hurley Slate Works Company Inc. - Class B	-	400	400	400
Icewater Harvesting Inc. - Class B	-	200,000	2,000	2,000
Inter-Provincial Lottery Corporation - Class B	-	1	-	-
iSYS Intelligent Systems Solutions - Class F	-	986	98	98
Jackman Brand Marketing Inc. - Class B	-	1,250	125	125
Manitoba Telecom Services Inc.	-	126	-	-
Marble Mountain Development Corporation	-	500	-	-
Marine Industrial Lighting Systems	-	5,000	500	500
MedicLink Systems Ltd. - Class A	-	3,517	352	352
Municipal Assessment Agency	-	1	-	-
Nalcor Energy Corporation	-	122,500,018	110,187	110,187
NavSim Technologies	250	5,000	500	250
Newfound Genomics Inc.	-	5,000	500	500
Newfoundland and Labrador Film Development Corporation	-	600	-	-
Newfoundland and Labrador Immigrant Investor Fund Ltd.	-	3	-	-

CONSOLIDATED REVENUE FUND

INVESTMENTS (continued)

Description of Investment	Net Additions	Balance 31 March 2014 No. of Shares	Balance 31 March 2014 Cost	2013 Cost
	($000)		($000)	($000)
Common Shares:				
Newfoundland Hardwoods Limited	-	253	25	25
Newfoundland Ocean Enterprises Limited	-	3	3	3
Newlab Clinical Research Inc. - Class A	-	5,000	484	484
Northern Radar Inc. - Class C	-	3,749	375	375
Rooms Corporation of Newfoundland and Labrador Inc.	-	500	-	-
SAC Mfg. Inc. - Class B	(500)	-	-	500
Sexton Lumber Co. Ltd.	-	5,000	500	500
Solace Power Inc. - Class D	-	1,401	140	140
Trans Ocean Gas Inc.	-	18,000	90	90
Total: Common Shares Investments	(293)		120,358	120,651
Non-Share Equity:				
Nalcor Energy Corporation	531,000	-	1,051,500	520,500
Newfoundland and Labrador Housing Corporation	-	-	62,852	62,852
Total: Non-Share Equity Investments	531,000		1,114,352	583,352
Sub-Total: Investments	530,753		1,267,673	736,920
Less: Discounts due to concessionary terms - note 2	-		(906)	(1,185)
Total: Investments	530,753		1,266,767	735,735

NOTES

1. **Allowance for Investment Write-downs**

The allowance for investment write-downs for 31 March 2014 is $9.9 million (31 March 2013 - $10.4 million).

2. **Discounts due to concessionary terms on investments**

The discounts due to concessionary terms on investments are the portion of the investments that represents the difference between the cost and the present value of the investment. The investments are reported at their present value due to the concessionary terms in the investment agreement.

Schedule D

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Tangible Capital Assets
As at 31 March 2014
with comparative figures for 2013

	Original Cost				Accumulated Amortization				
Category	Balance 31 March 2013	Additions 2014	Disposals 2014	Balance 31 March 2014	Balance 31 March 2013	Amort. Net of Disposals 2014	Balance 31 March 2014	Net Book Value 31 March 2014	Net Book Value 31 March 2013
	($mil)	($mil)	($mil)	($mil)	($mil)	($mil)	($mil)	($mil)	($mil)
Buildings	1,183.2	50.7	2.3	1,231.6	603.2	24.5	627.7	603.9	580.0
Marine vessels and aircraft	243.3	-	37.1	206.2	70.4	0.7	71.1	135.1	172.9
Equipment and machinery	179.4	6.4	4.6	181.2	107.2	7.5	114.7	66.5	72.2
Infrastructure	4,561.7	99.3	0.7	4,660.3	3,610.3	64.0	3,674.3	986.0	951.4
Computer software	77.1	0.7	-	77.8	56.7	4.3	61.0	16.8	20.4
Sub-total	6,244.7	157.1	44.7	6,357.1	4,447.8	101.0	4,548.8	1,808.3	1,796.9
Work in progress				635.6				635.6	464.6
Total				6,992.7				2,443.9	2,261.5

NOTES

1. Tangible Capital Assets

Tangible capital assets are capitalized on the Statement of Financial Position with the cost of the assets amortized over the estimated useful life of the assets. Fully amortized tangible capital assets are recorded at gross cost and accumulated amortization.

2. Work in Progress

Work in progress is considered to be a tangible capital asset, however it is not amortized as it is not yet available for use. The Province currently has a number of projects under construction or development with a total for 31 March 2014 of $635.6 million (31 March 2013 - $464.6 million) having been spent on these projects to date. Upon completion, these assets are recorded in the appropriate category in the schedule. The additions of $157.1 million include $55.1 million of work in progress assets that have been capitalized in the year. Net additions to work in progress assets include additions of $228.0 million less disposals of $1.9 million for 2013-14.

3. Accumulated Amortization

The $101.0 million change in accumulated amortization from the prior year, as reported in the Tangible Capital Asset schedule, consists of amortization expense of $116.4 million less accumulated amortization on assets disposed of in the year in the amount of $15.4 million.

The $82.0 million change in accumulated amortization as at 31 March 2013 consisted of amortization expense of $92.0 million less accumulated amortization on assets disposed of in the year in the amount of $10.0 million.

4. Estimated Useful Life

The historic cost of the assets is estimated in many cases, and amortization is calculated on a straight line basis over the following useful lives:

Asset	Estimated Useful Life
Buildings	40 years
Marine vessels & aircraft	
Marine vessels	20 years
Aircraft	20 years
Equipment & machinery	
Heavy machinery and equipment	20 years
Snow removal machinery and equipment	10 years
Office/other machinery and equipment	10 years
Vehicles	5 years
Computer hardware	4 years
Infrastructure	
Roads	20 years
Airstrips	20 years
Marine facility infrastructure	20 years
Other infrastructure assets	20 years
Land	indefinite
Bridges	40 years
Computer software	7 years

5. Historical or Cultural Assets

In accordance with current accounting standards, certain assets which have historical or cultural value belonging to the Province are not included in this schedule. Such assets consist of paintings, sculptures, historical documents, and historical and cultural artifacts.

6. Intangible and Inherited Assets

Intangible assets and items inherited by right of the Crown, such as Crown lands, forest, and mineral resources, are not recognized as tangible capital assets in accordance with current accounting standards.

TANGIBLE CAPITAL ASSETS (continued)

7. Leased Assets

The gross amount of leased tangible capital assets is $27.7 million (31 March 2013 - $27.4 million), amortization expense is $0.7 million (31 March 2013 - $0.7 million), and accumulated amortization is $14.8 million (31 March 2013 - $14.1 million). These are included in the appropriate category in the schedule.

8. Expropriated Assets

In December 2008, the Province passed legislation entitled Abitibi-Consolidated Rights and Assets Act, to expropriate certain rights and assets from Abitibi-Consolidated. The intent of this Act was to return to the Province rights relating to timber and water use, as well as assets and land associated with the generation of electricity enabled by water use rights. As a result of the expropriation, the Province also assumed responsibility of other assets associated with the pulp and paper mill. While the Province has licensed Nalcor Energy to manage and operate the hydro electricity generating assets on behalf of the Province, no decision has been made on whether the assets will continue to be held by the Province, or transferred to Nalcor Energy or other parties. Nalcor Energy is operating these electricity generating assets on a cost recovery basis, and with revised power purchase rates now applying to these facilities. As the value of the electricity generating assets expropriated, and their ultimate use, have not been determined, any payments related to subsection 10.(2) of the Act have been recorded as tangible capital assets. $137.3 million, net has been recorded as the cost of the electricity generating assets for the fiscal year ended 31 March 2014 and are included in the infrastructure category. As the value of the non-electricity generating assets expropriated, and their ultimate future use have not been determined, they have been recorded as tangible capital assets at a nominal amount.

Schedule E

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Other Liabilities
As at 31 March 2014
with comparative figures for 2013

	2014 ($000)	2013 ($000)
Accounts payable write-backs	367,092	384,180
Due to Government of Canada - note 1	309,062	327,998
Accrued salaries and employee benefits - note 2	188,553	205,518
Taxes payable	183,007	29,638
Accrued interest	145,889	146,759
Due to municipalities	85,685	107,079
Self-insured workers' compensation benefits - note 3	41,212	32,200
Accounts payable - other	39,130	37,887
Contractors' holdbacks	33,359	37,860
Offshore royalties	29,890	21,774
Capital leases - note 4	25,716	26,803
Environmental liabilities	20,162	28,340
Atlantic Lottery Corporation Incorporated	18,448	-
Physician services	13,762	14,734
Reciprocal billing - hospital services payable	9,743	9,185
Special purpose funds - note 5	8,410	8,336
Provision for student loan debt reduction	8,072	6,786
St. Clare's Hospital - purchase	750	1,500
Total: Other Liabilities	1,527,942	1,426,577

NOTES

1. **Due to Government of Canada**
   This amount is comprised of $271.2 million for an Equalization loan, $30.2 million for Equalization overpayments and $7.7 million for Health and Social transfer overpayments.

2. **Accrued Salaries and Employee Benefits**
   Accrued salaries and employee benefits consists of $88.1 million for severence (31 March 2013 - $101.8 million), $79.1 million for leave and other employee benefits (31 March 2013 - $83.9 million) and $21.4 million for salaries (31 March 2013 - $19.8 million).

3. **Self-Insured Workers' Compensation Benefits**
   The amount of $41.2 million relates to the self-insured workers' compensation benefits liability as at 31 March 2014 (31 March 2013 - $32.2 million). During the 2013-14 fiscal year, an actuarial valuation as of 31 December 2013, with disclosures as at 31 March 2014, was obtained for the Province's self-insured workers' compensation benefits.

4. **Capital Leases**
   Interest rates for all capital leases range from non-interest bearing to 16.00% and have repayment schedules ranging in duration from 3 to 10 years.

5. **Special Purpose Funds**
   Included in this schedule are funds totalling $8.4 million (31 March 2013 - $8.3 million) considered to be special purpose funds whereby payments are made specifically for these purposes. Pursuant to Section 22(a) of the Financial Administration Act, appropriations are not required for these payments.

Schedule F

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Debenture and Other Debt
As at 31 March 2014
with comparative figures for 2013

Series	Date of Issue	Date of Maturity	Interest Rate %	Amount in Foreign Currency	Sinking Fund Balance	Amount Issued or Outstanding 2014	Amount Issued or Outstanding 2013	Notes
				($000)	($000)	($000)	($000)	
General Debentures:								
EC6	12 May 1993	12 May 2013	5.65		-	-	81,734	1(a)
6S	04 Jun. 2004	04 Jun. 2014	5.25		-	300,000	300,000	1(b)
5V	22 Nov. 1989	22 Nov. 2014	10.13		136,438	150,000	150,000	1(b)
AG	01 Jun. 1989	01 Jun. 2019	9.00	(150,000 U.S.)	149,994	165,825	152,400	1(b)
AH	01 Jun. 1990	01 Jun. 2020	9.88	(150,000 U.S.)	44,927	165,825	152,400	1(b)
AJ	29 Nov. 1990	01 Dec. 2020	10.00	(150,000 U.S.)	43,061	165,825	152,400	1(b)
5X	15 Apr. 1991	15 Apr. 2021	10.95		-	147,892	147,892	1(b)
AK	17 Oct. 1991	15 Oct. 2021	9.00	(200,000 U.S.)	52,160	221,100	203,200	1(b)
AM	22 Oct. 1992	22 Oct. 2022	8.65	(200,000 U.S.)	47,207	221,100	203,200	1(b)
AN	13 Oct. 1993	13 Oct. 2023	7.32	(200,000 U.S.)	64,659	221,100	203,200	1(b)
6B	07 Jul. 1995	07 Jul. 2025	9.15		25,352	100,000	100,000	1(b)
6C	05 Feb. 1996	05 Feb. 2026	8.45		36,436	150,000	150,000	1(b)
6F	17 Apr. 1998	17 Apr. 2028	6.15		112,376	450,000	450,000	1(b)
6H	27 Jul. 1999	17 Oct. 2029	6.50		48,673	200,000	200,000	1(b)
6K	30 Jun. 2000	17 Oct. 2030	6.55		97,701	450,000	450,000	1(b)
6R	12 Jun. 2003	17 Oct. 2033	5.60		49,721	300,000	300,000	1(b)
6T	21 Sep. 2004	17 Oct. 2035	5.70		43,304	300,000	300,000	1(b)
6U	28 Nov. 2006	17 Apr. 2037	4.50		45,550	350,000	350,000	1(b)
6V	15 May 2007	17 Oct. 2040	4.65		68,589	650,000	650,000	1(b)
6Q	16 Aug. 2002	17 Oct. 2042	6.24		18,890	250,000	250,000	1(b)
	Total: General Debentures				1,085,038	4,958,667	4,946,426	
Other:								
Treasury bill borrowings					-	492,804	492,788	1(c)
	Total: Other				-	492,804	492,788	

CONSOLIDATED REVENUE FUND

DEBENTURE AND OTHER DEBT (continued)

Series	Date of Issue	Date of Maturity	Interest Rate %	Sinking Fund Balance	Amount Issued or Outstanding 2014	2013
				($000)	($000)	($000)
Government of Canada and Other:						
Canada Pension Plan Investment Fund Debentures - note 1(d)						
3A-292	01 Mar. 1999	01 Mar. 2019	5.97	-	1,827	1,827
3A-293 to 3A-303	02 Apr. 1999 to 03 Mar. 2000	02 Apr. 2019 to 03 Mar. 2020	5.89 to 7.02	-	35,282	35,282
3A-304 to 3A-314	01 Apr. 2000 to 02 Mar. 2001	01 Apr. 2020 to 02 Mar. 2021	6.41 to 6.90	-	42,645	42,645
3A-315 to 3A-326	01 Apr. 2001 to 01 Mar. 2002	01 Apr. 2021 to 01 Mar. 2022	6.38 to 6.85	-	52,376	52,376
3A-327 to 3A-337	01 Apr. 2002 to 01 Mar. 2003	01 Apr. 2022 to 01 Mar. 2023	5.88 to 6.61	-	52,104	52,104
3A-338 to 3A-347	05 Apr. 2003 to 01 Mar. 2004	05 Apr. 2023 to 01 Mar. 2024	5.41 to 6.15	-	50,738	50,738
3A-348 to 3A-356	02 Apr. 2004 to 02 Jan. 2005	02 Apr. 2024 to 02 Jan. 2025	5.36 to 5.92	-	47,146	47,146
3A-357 to 3A-359	01 Apr. 2005 to 03 Jun. 2005	01 Apr. 2025 to 03 Jun. 2025	4.91 to 5.34	-	23,987	23,987
Total: Canada Pension Plan Investment Fund Debentures				-	306,105	306,105
Harbour Lodge - see note 1(e)				-	360	392
Sun Life Assurance Company of Canada - see note 1(f)				-	85,772	89,906
Total: Other				-	86,132	90,298
Total: Government of Canada and Other				-	392,237	396,403
Total: Debenture and Other Debt				1,085,038	5,843,708	5,835,617
Current portion of Debenture and Other Debt					947,335	578,689
Long-term portion of Debenture and Other Debt					4,896,373	5,256,928
					5,843,708	5,835,617

DEBENTURE AND OTHER DEBT (continued)

NOTES

1. Details of Debt Issues

a) Non-callable by the Province, except upon changes in tax status and/or law, then as a whole at par.

b) Non-callable.

c) This amount represents the net proceeds from the sale of $494 million discounted treasury bills with maturity dates ranging from 3 April 2014 to 26 June 2014 and interest rates ranging from 0.95% to 1.01%.

d) Callable at par at the option of the Minister of Finance of Canada upon six months' prior written notice, subject to the requirements of the Canada Pension Plan. Commencing March 1999, the Province has an option, pursuant to amendments of the Canada Pension Plan enacted by the Canada Pension Plan Investment Board Act, to refinance for a final twenty year term maturing Canada Pension Plan borrowings, provided sufficient monies are available in the Canada Pension Plan Investment Fund. The Province has exercised an option to refinance its maturing Canada Pension Plan debt and to date has rolled over, for a further 20 year term, all funds made available by the Canada Pension Plan Investment Fund from March 1999 to June 2005. Commencing July 2005, Canada Pension Plan borrowings have not been rolled over and have been allowed to mature.

e) This is a loan from the Canada Mortgage and Housing Corporation for the acquisition and construction of the Harbour Lodge. This loan is repayable over a 50 year period in blended installments of principal and interest, at an interest rate of 7.875%, maturing 1 December 2021.

f) Sun Life Assurance Company of Canada represents the secured creditors of the Exploits River Hydro Partnership and the Star Lake Hydro Partnership per Section 10.(2) of the Abitibi Consolidated Rights and Assets Act. The secured creditors of the Exploits River Hydro Partnership include Industrial Alliance Life Insurance, Manufacturers Life Insurance Company of Canada and Sun Life Assurance Company of Canada. This loan is repayable in blended quarterly installments of principal and interest, at an interest rate of 7.552%, maturing 31 December 2028. The secured creditors of the Star Lake Hydro Partnership include Sun Life Assurance Company of Canada, Industrial Alliance Life Insurance, Canada Life Assurance Company, Standard Life Assurance Company of Canada and Manufacturers Life Insurance Company of Canada. This loan is repayable in blended monthly installments of principal and interest, at an interest rate of 9.20%, maturing 1 April 2023.

2. Sinking Fund Balance

See note 5 of the Notes to the Financial Statements.

DEBENTURE AND OTHER DEBT (continued)

3. Borrowings

Borrowings and unamortized foreign exchange losses, by major currency, and sinking funds as at 31 March 2014 are as follows:

Major Currencies	Foreign Borrowings	Exchange Rate	Canadian	Unamortized Foreign Exchange Gains/(Losses)	Net
	($000)		($000)	($000)	($000)
U.S.	1,050,000	1.1055	1,160,775	69,774	1,230,549
Canadian			4,682,933	-	4,682,933
		Sub-total	5,843,708	69,774	5,913,482
	Foreign sinking funds		(402,008)	(16,663)	(418,671)
	Canadian sinking funds		(683,030)	-	(683,030)
		Total	4,758,670	53,111	4,811,781

4. Contributions and Repayment Requirements

Sinking fund contributions and long term debt repayments which are not expected to be fully funded by a sinking fund, by major currency, in Canadian dollars are as follows:

	U.S.	Canadian	Total
	($000)	($000)	($000)
2014-2015	8,055	351,123	359,178
2015-2016	8,055	313,554	321,609
2016-2017	5,556	42,799	48,355
2017-2018	5,000	43,270	48,270
2018-2019	5,000	45,611	50,611
2019-2043	486,557	1,545,146	2,031,703
	518,223	2,341,503	2,859,726

The foreign exchange gain which has been realized on the Statement of Operations is $15.6 million.

5. Interest Expense

The gross interest expense associated with debenture and other debt, recognized for 31 March 2014, amounted to $350.0 million (31 March 2013 - $345.1 million).

6. Sensitivity Analysis

An increase/decrease of one cent in the foreign exchange rates at 31 March 2014 would result in an increase/decrease in foreign borrowings of $10.5 million (31 March 2013 - $10.5 million).

DEBENTURE AND OTHER DEBT (continued)

7. Related Sinking Fund Investments

At year end, the Province held $501.3 million worth of its own debentures (face value) in sinking funds as active investments (31 March 2013 - $523.0 million) which are reflected in the sinking fund balances disclosed in note 3 above. These were comprised of $354.3 million in Canadian investments and $147.0 million in US investments.

8. Debt Related Risk

The practice of borrowing in both domestic and foreign currencies may potentially give rise to a number of risks including interest rate, credit, foreign exchange and liquidity risk. Interest rate risk is the risk that debt servicing costs will increase due to changes in interest rates while credit risk is the risk that a loss may occur from the failure of another party to meet its obligations under a derivative financial instrument contract. As well, foreign exchange risk is the risk that debt servicing costs will increase due to a decline in the value of the Canadian dollar relative to other currencies while liquidity risk is the risk that financial commitments will not be met over the short-term.

The Province attempts to manage its exposure to these risks and minimize volatility in its debt expenses by following a conservative debt and risk management strategy. The Province's debt portfolio is structured such that virtually all of its debt is long-term with fixed interest rates and fixed repayment terms. When appropriate and the option is available, debt with high interest rates has been called and refinanced with new lower interest rate debt. Otherwise, debt is generally held until maturity. Hence, the Province's exposure to interest rate and credit risk is minimal as a result of its conservative debt management strategy.

While the majority of the Province's debt is domestic in nature, there are a number of US dollar denominated debt issues. All of these are long-term issues and the Province has established sinking funds, also in US dollars, to provide repayment of the debt at maturity. For debt servicing purposes, short-term forward contracts are occasionally entered into when favorable exchange rates are available to minimize exposure to foreign exchange risk.

The Province's exposure to liquidity risk is managed by distributing debt maturities over several years, maintaining sinking funds for the repayment of certain long-term debt issues and holding adequate cash reserves or short-term borrowings as contingent sources of liquidity.

Schedule G

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Guaranteed Debt
As at 31 March 2014
with comparative figures for 2013

	Limit of Guarantee	Contingent Liability	
		2014	2013
	($000)	($000)	($000)
Guaranteed Debentures:			
Municipalities:			
(For debentures issued to The Municipal Development and Loan Board and The Canada Mortgage and Housing Corporation)			
Glenwood	84	84	72
Grand Falls - Windsor	-	-	5
Harbour Breton	199	199	171
Harbour Grace	141	141	127
La Scie	-	-	1
Placentia	80	80	70
Wabana	21	21	18
	525	525	464
Crown Corporations - note 2:			
Eastern Regional Health Authority	117,636	117,636	119,099
Newfoundland and Labrador Hydro Electric Corporation	986,914	986,914	969,158
Newfoundland and Labrador Municipal Financing Corporation	25,685	25,685	35,572
	1,130,235	1,130,235	1,123,829
Guaranteed Bank Loans:			
Crown Corporations:			
Labrador-Grenfell Regional Health Authority	10,000	-	-
Marble Mountain Development Corporation	2,100	1,853	1,921
	12,100	1,853	1,921
Fisheries - note 3:			
AAG Enterprises Inc.	61	61	82
A.J. Rodgers & Sons Limited	407	407	-
Allister Russell and Wade Russell	1,120	1,120	-
Anchor Point Enterprises Limited	1,235	1,235	289
Andrew Daley Limited	154	154	193
ASG Fisheries Limited	680	680	737
Ashco Fishing Limited	253	253	141
Ashley Enterprises Limited	169	169	188
Ashley's Pride Enterprises Limited	328	328	389
Atlantic Blue Fin Limited	399	399	469
Atlantic Providence Inc.	2,618	2,618	-
B & O Enterprises Ltd.	918	918	1,020
B & R Genge Company Limited	371	371	418
B & R Mariner Fisheries Limited	329	329	-

GUARANTEED DEBT (continued)

	Limit of Guarantee	Contingent Liability 2014	2013
	($000)	($000)	($000)
Guaranteed Bank Loans:			
Fisheries: - note 3			
B.A.D.S. Fisheries Limited	250	250	292
BNB Morey Fisheries Limited	248	248	297
Billy and David Greenham	2,161	2,161	-
Butler, Harold	38	38	75
C & L Harvesting Limited	-	-	792
CJ Fisheries	248	248	297
Campbell Fisheries Limited	144	144	180
Cecil Ward Limited	595	595	-
Clarke & Sons Fishing Limited	2,506	2,506	-
Donald Spence	235	235	-
Drover's Sea Harvesting Limited	544	544	778
Dwight Russel Enterprises Limited	600	600	600
E & E Fisheries Limited	592	592	677
Feltham, Alexander	-	-	89
Four Jacks Enterprises Limited	595	595	-
Frazer Scanlon	59	59	64
G & D Fisheries Limited	345	345	414
G B Dalton Enterprise Ltd.	270	270	-
G W R Fisheries Limited	262	262	318
Genge, Theodore	773	773	775
Glenn Petten	580	580	-
Greenham, David J. and Billy F.	-	-	1,048
Greenspond Fisheries Limited	61	61	91
Haily Bear Enterprises Limited	1,530	1,530	872
Harbourview Fishing Corporation	1,777	1,777	1,870
Harvester Enterprises Limited	16	16	43
Hicks Fisheries Limited	233	233	262
High Tide Enterprises Limited	-	-	125
High Wave Fisheries Limited	-	-	68
J & K Frampton Enterprises Limited	247	247	285
J.T. Fisheries Limited	-	-	137
Janica II Enterprise Limited	859	859	-
Jolly T Fisheries Inc.	595	595	638
Jones, Richard	192	192	216
Kailey Venture Limited	370	370	417
Kane, Charles M	31	31	37
Keith Bowen	319	319	-
Lady Lisa Liimited	275	275	-
Larry Roche	288	288	-
Lavers, Boyd George	-	-	618
Lavers, Dion	14	14	21
Leyte, Melvin	236	236	315
Long Haul Ltd. (formerly Daley, Gary)	199	199	237
Lower Coast Fisheries Inc.	29	29	48

CONSOLIDATED REVENUE FUND

GUARANTEED DEBT (continued)

	Limit of Guarantee	Contingent Liability 2014	Contingent Liability 2013
	($000)	($000)	($000)
Guaranteed Bank Loans:			
Fisheries - note 3:			
Lynch, Levi	-	-	49
McCarthy, Dennis	693	693	770
Newfoundland Leader Limited	-	-	285
Newfoundland Mariner Fishing Enterprises Limited	563	563	656
Noel Fisheries Limited	33	33	50
North Queen Limited	1,050	1,050	-
Northern Auk Fisheries Limited	595	595	-
Northern Provider Limited	555	555	-
Ocean Surfer Limited	384	384	419
Penney's Fisheries Limited	182	182	254
Piercey's Fishing Enterprises Limited	181	181	217
Ryan, Randy and Lisa and Sea Surfer Enterprises Ltd.	43	43	43
S & J Fisheries Inc.	178	178	223
Salt Water Foam Company Limited	81	81	108
Shannon & Trevor Fisheries Limited	1,740	1,740	-
Shirley Ann D Enterprises Limited	198	198	248
Strabcol Enterprise Ltd.	-	-	245
Straits Venture Inc.	261	261	299
Symmonds, Michael - et al	-	-	21
T & C Fisheries Ltd.	240	240	270
TJL Enterprises Limited	322	322	381
Timton Enterprises Ltd.	-	-	360
Toope's Enterprises Limited	-	-	315
Trina and Sons Ltd.	213	213	237
Vince Petten	734	734	-
Ward, Cecil	134	134	168
Wayne Sterling Morgan	250	250	-
	35,988	35,988	22,540
Aggregate Limit & Contingent Amount	59,937	59,937	35,597
Corporate:			
Fogo Island Co-operative Society Limited	1,500	-	-
Smith Seafoods Limited	100	34	22
Stephenville Airport Corporation	600	443	202
Torngat Fish Producers Co-op Society Limited	1,600	1,266	1,600
	3,800	1,743	1,824
Other Bank Loans:			
Consumer Protection Fund for Prepaid Funeral Expenses	200	-	-
	200	-	-

GUARANTEED DEBT (continued)

	Limit of Guarantee	Contingent Liability 2014	2013
	($000)	($000)	($000)
Other Guarantees:			
Crown Corporations:			
Newfoundland and Labrador Immigrant Investor Fund Limited - note 4	248,900	248,900	243,062
	248,900	248,900	243,062
	1,431,748	1,419,244	1,393,640

NOTES

1. Definitions

The headings used in this Schedule are defined as follows:

Limit of Guarantee - This represents the maximum amount of loan advances available under the Province's guarantee plus capitalized interest thereon and past due interest, less down payment and less any receipted Provincial subsidy.

Contingent Liability - This represents the actual amount of loan advances (drawdowns) outstanding under the various guarantees plus capitalized interest thereon and past due interest. This represents the amount that the Province would be liable for if it had to honour these guarantees at year end.

The difference between these two amounts reflects the financing still available under the Province's guarantee.

2. Debenture Issues with Sinking Funds

	Principal Amount of Debentures Outstanding	Accrued Interest	Value of Sinking Fund	Contingent Liability
	($000)	($000)	($000)	($000)
Eastern Regional Health Authority				
- Canadian Funds	130,000	2,605	14,969	117,636
Newfoundland and Labrador Hydro Electric Corporation				
- Canadian Funds	1,225,000	21,287	342,350	903,937
- Promissory Notes	82,966	11	-	82,977
	1,307,966	21,298	342,350	986,914

GUARANTEED DEBT (continued)

3. Fisheries Loans

During a vessel's construction period, interim financing is provided through bank loans which are fully guaranteed by the Province. Once construction has been completed, these interim loans are converted to term debt by the banks. For guarantees issued prior to 1 June 2012, the Province's contingent liability under each individual guarantee is determined as being limited to the lesser of the term loan or 20% of the aggregate of all term loans made by the Bank less the total of all claims paid to the Bank by the Province with respect to these loans. The Fisheries Loans Guarantee Program guidelines were amended effective 1 June 2012 such that all new guarantees issued from that date forward are fully guaranteed by the Province.

For the fiscal year ended 31 March 2014, the Province's contingent liability with respect to these guarantees is $36.0 million (31 March 2013 - $22.5 million).

4. Newfoundland and Labrador Immigrant Investor Fund Limited

The Corporation was incorporated on 28 April 2005 under the Corporations Act of the Province of Newfoundland and Labrador. The purpose of the Corporation is to administer and invest the Newfoundland and Labrador allocation of funds received from immigrant investors by Citizenship and Immigration Canada under its Business Immigration Program. The Province guarantees repayment of the funds received.

5. Payments under Guarantee

During the 2013-14 fiscal year there were no payments under guarantee.

6. Valuation Allowance

The provision for guaranteed debt for 31 March 2014 is nil (31 March 2013 - nil).

Schedule H

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Losses, Uncollectible Accounts and Other Amounts Written Off
For the year ended 31 March 2014
with comparative figures for 2013

Department	2014 ($000)	2013 ($000)
Finance:		
Remissions	2,882	308
Tax Forgiveness	296	458
	3,178	766
Advanced Education and Skills:		
Overpayment of social assistance	-	730
Uncollectible accounts	1,256	1,255
	1,256	1,985
Justice:		
Uncollectible accounts	1,051	1,264
Municipal and Intergovernmental Affairs:		
Uncollectible accounts	-	197
Transportation and Works:		
Uncollectible accounts	193	-
Innovation, Business and Rural Development:		
Loan forgiveness	5,714	54,357
Uncollectible accounts	500	-
	6,214	54,357
Fisheries and Aquaculture:		
Loan forgiveness	3,094	-
Uncollectible accounts	-	1,293
	3,094	1,293
Natural Resources:		
Tax Forgiveness	1,372	-
Tourism, Culture and Recreation:		
Uncollectible accounts	34	1
Total: Losses, Uncollectible Accounts and Other Amounts Written Off	16,392	59,863

Schedule I

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Trust Accounts
As at 31 March 2014
with comparative figures for 2013

	2014 ($000)	2013 ($000)
Office of the Public Trustee	37,893	32,905
Eastern Regional Health Authority Sinking Fund	14,969	13,506
Teachers' Accrued Salary Trust Account	8,585	8,794
Rate Stabilization Fund	7,939	5,449
Registrar of the Supreme Court	6,580	7,182
Consolidated Tender Account	5,944	5,346
Federal/Provincial Contractors' Security Account	2,834	4,317
Support Enforcement	1,332	1,286
Provincial Courts Trust Account	432	454
Provincial Nominee Program	166	164
Churchill Falls (Labrador) Corporation Trust	164	717
High Sheriff of Newfoundland	134	165
Victims of Mount Cashel	83	82
H.M. Penitentiary	67	41
Securities Payable	41	16
Labrador Correctional Centre	17	5
Bishop's Falls Correctional Centre	16	-
Newfoundland and Labrador Youth Centre	7	8
School for the Deaf	4	9
West Coast Correctional Centre	4	2
Chief Electoral Office Account	1	-
Commercial and Corporate Affairs Trust	1	2
Contractors' Security Account - Transportation and Works	1	447
Labour Relations Board	1	-
Unpaid Wages Trust Account	1	-
Total: Trust Accounts	87,216	80,897

Schedule J

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Expenses by Department
For the year ended 31 March 2014
with comparative figures for 2013

	Actuals 2014 ($000)	Actuals 2013 ($000)
General Government Sector and Legislative Branch		
General Government Sector		
Consolidated Fund Services	347,553	341,990
Executive Council	102,388	101,621
Finance	1,095,932	909,974
Public Service Commission	2,404	2,482
Service NL	38,818	42,998
Transportation and Works	436,828	384,808
Legislative Branch		
Legislature	22,785	23,921
	2,046,708	1,807,794
Resource Sector		
Advanced Education and Skills	903,773	1,050,178
Environment and Conservation	26,194	41,572
Fisheries and Aquaculture	17,488	36,052
Innovation, Business and Rural Development	61,724	67,417
Natural Resources	115,680	130,792
Tourism, Culture and Recreation	64,605	61,207
	1,189,464	1,387,218
Social Sector		
Child, Youth and Family Services	168,932	175,965
Education	832,501	805,518
Health and Community Services	2,775,006	2,770,176
Justice	229,172	241,138
Municipal and Intergovernmental Affairs	196,441	157,404
Newfoundland and Labrador Housing Corporation	47,434	56,124
	4,249,486	4,206,325
Total: Expenses by Department	7,485,658	7,401,337

Schedule K

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Revenue and Expense by Sector
For the year ended 31 March 2014
with comparative figures for 2013

	General Government Sector and Legislative Branch 2014	Resource Sector 2014	Social Sector 2014	Total 2014	Total 2013
	($000)	($000)	($000)	($000)	($000)
REVENUE					
Provincial					
Taxation	3,245,760	(163)	-	3,245,597	3,560,731
Non-tax revenue	393,552	2,174,977	10,866	2,579,395	2,285,437
Related revenue	107,389	35,873	33,332	176,594	185,690
Government of Canada	706,313	150,191	65,490	921,994	902,397
Total Sector Revenue	4,453,014	2,360,878	109,688	6,923,580	6,934,255
EXPENSE					
Salaries	220,381	132,659	202,235	555,275	591,449
Employee benefits	56,006	(232)	840	56,614	49,658
Retirement costs	488,609	-	-	488,609	399,222
Transportation and communications	11,511	13,959	10,337	35,807	43,257
Supplies	85,802	6,825	16,843	109,470	109,281
Professional services	13,581	7,034	422,951	443,566	470,898
Purchased services	192,382	54,525	98,536	345,443	313,909
Property, furnishings and equipment	4,641	99	43,403	48,143	57,971
Allowances and assistance	92,161	289,073	244,757	625,991	642,089
Grants and subsidies	10,517	663,951	3,191,387	3,865,855	3,864,718
Debt expenses	785,489	7,248	1,519	794,256	759,228
Amortization (tangible capital assets)	85,628	14,772	16,048	116,448	91,991
Bad debt expense (recovery)	-	(449)	630	181	7,666
Total Sector Expense	2,046,708	1,189,464	4,249,486	7,485,658	7,401,337
SECTOR SURPLUS (DEFICIT)	2,406,306	1,171,414	(4,139,798)	(562,078)	(467,082)

REVENUE AND EXPENSE BY SECTOR (continued)

NOTE

Sectors

The sectors identified above are comprised of a broad array of programs which are delivered through the various departments and are consistent with the presentation of the 2013-14 Estimates. Revenue and Expenses have been attributed to individual departments based on where the program is administered. Certain amounts have been allocated on a systematic basis. The sectors include the following departments:

General Government Sector and Legislative Branch

This sector consists of the Departments of Consolidated Fund Services, Executive Council, Finance, Legislature, Public Service Commission, Service Newfoundland and Labrador and Transportation and Works.

Resource Sector

This sector consists of the Departments of Advanced Education and Skills, Environment and Conservation, Fisheries and Aquaculture, Innovation, Business and Rural Development, Natural Resources and Tourism, Culture and Recreation.

Social Sector

This sector consists of the Departments of Child, Youth and Family Services, Education, Health and Community Services, Justice, Municipal and Intergovernmental Affairs and Newfoundland and Labrador Housing Corporation.